

AMERICAN INTERNATIONAL GROUP INC
Form DEF 14A
April 12, 2010

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

AMERICAN INTERNATIONAL GROUP, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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- (1) Amount Previously Paid:
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 - (3) Filing Party:
 - (4) Date Filed:
-

American International Group, Inc.
70 Pine Street, New York, N.Y. 10270

**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD MAY 12, 2010**

April 12, 2010

To the Shareholders of
AMERICAN INTERNATIONAL GROUP, INC.:

The Annual Meeting of Shareholders of AMERICAN INTERNATIONAL GROUP, INC. (AIG) will be held at 180 Maiden Lane, 3rd Floor, New York, New York, on May 12, 2010, at 10:00 a.m., for the following purposes:

1. To elect the eleven nominees specified under Election of Directors as directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified;
2. To elect the two nominees specified under Election of Series E and Series F Directors as directors of AIG;
3. To vote upon a non-binding shareholder resolution to approve executive compensation;
4. To act upon a proposal to approve the American International Group, Inc. 2010 Stock Incentive Plan;
5. To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2010;
6. To act upon a shareholder proposal relating to cumulative voting;
7. To act upon a shareholder proposal relating to executive compensation retention upon termination of employment;
8. To act upon a shareholder proposal relating to a shareholder advisory resolution to ratify AIG's political spending program; and
9. To transact any other business that may properly come before the meeting.

Shareholders of record at the close of business on March 19, 2010 will be entitled to vote at the meeting.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on May 12, 2010. The Proxy Statement, Annual Report to Shareholders and other Soliciting Material are available in the Investor Information section of AIG's corporate website at www.aigcorporate.com.

By Order of the Board of Directors
KATHLEEN E. SHANNON

Secretary

If you plan on attending the meeting, please remember to bring photo identification with you. In addition, if you hold shares in street name and would like to attend the meeting, you should bring an account statement or other acceptable evidence of ownership of AIG Common Stock as of the close of business on March 19, 2010. If you cannot be present at the meeting, please sign the enclosed proxy card or voting instruction card and return it at once in the accompanying postage prepaid envelope or vote your shares by telephone or through the Internet.

American International Group, Inc.
70 Pine Street, New York, N.Y. 10270

PROXY STATEMENT

April 12, 2010

TIME AND DATE 10:00 a.m. on Wednesday, May 12, 2010.

PLACE 180 Maiden Lane, 3rd floor, New York, New York 10038.

MAILING DATE These materials are being mailed to shareholders of AIG commencing on or about April 12, 2010.

ITEMS OF BUSINESS

To elect the eleven nominees specified under Election of Directors as directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified;

To elect the two nominees specified under Election of Series E and Series F Directors as directors of AIG;

To vote upon a non-binding shareholder resolution to approve executive compensation;

To act upon a proposal to approve the American International Group, Inc. 2010 Stock Incentive Plan;

To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2010;

To act upon a shareholder proposal relating to cumulative voting;

To act upon a shareholder proposal relating to executive compensation retention upon termination of employment;

To act upon a shareholder proposal relating to a shareholder advisory resolution to ratify AIG's political spending program; and

To transact any other business that may properly come before the meeting.

RECORD DATE You can vote if you were a shareholder of record at the close of business on March 19, 2010.

INSPECTION OF LIST OF SHAREHOLDERS OF RECORD A list of the shareholders of record as of March 19, 2010 will be available for inspection during ordinary business hours during the ten days prior to the meeting at AIG's offices, 70 Pine Street, New York, New York 10270.

ADDITIONAL
INFORMATION

Additional information regarding the matters to be acted on at the meeting is included in the accompanying proxy materials.

PROXY VOTING

PLEASE SUBMIT YOUR PROXY THROUGH THE INTERNET OR BY TELEPHONE OR MARK, SIGN, DATE AND RETURN YOUR PROXY IN THE ENCLOSED ENVELOPE.

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VOTING INSTRUCTIONS AND INFORMATION

The enclosed proxy is solicited on behalf of the Board of Directors (Board of Directors or Board) of American International Group, Inc., a Delaware corporation (AIG), for use at the AIG Annual Meeting of Shareholders to be held on May 12, 2010, or at any adjournment thereof (Annual Meeting or 2010 Annual Meeting of Shareholders). These proxy materials are being mailed to shareholders of AIG commencing on or about April 12, 2010.

All share numbers in this Proxy Statement reflect the one-for-twenty reverse split of AIG's common stock, par value \$2.50 per share (AIG Common Stock), that occurred on June 30, 2009.

Who can vote at the Annual Meeting?

You are entitled to vote or direct the voting of your shares of AIG Common Stock if you were a shareholder of record or if you held AIG Common Stock in street name at the close of business on March 19, 2010. On that date, 134,944,891 shares of AIG Common Stock (exclusive of shares held by AIG and certain subsidiaries) were outstanding, held by 45,494 shareholders of record. Each share of AIG Common Stock held by you on the record date is entitled to one vote.

Holders of Series C Perpetual, Convertible, Participating Preferred Stock, par value \$5.00 per share (AIG Series C Preferred Stock), are also entitled to vote or direct the voting of their shares of AIG Series C Preferred Stock, if they were shareholders of record at the close of business on March 19, 2010. On that date, 100,000 shares of AIG Series C Preferred Stock were outstanding and held by the trustees of the AIG Credit Facility Trust (the Trust), who may cast approximately 5,321,129 votes for each share of AIG Series C Preferred Stock held by them on the record date (532,112,940 in the aggregate).

Holders of Series E Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share (AIG Series E Preferred Stock), and Series F Fixed Rate Non-Cumulative Perpetual Preferred Stock, par value \$5.00 per share (AIG Series F Preferred Stock), are entitled to vote on the two nominees specified under Election of Series E and Series F Directors as directors of AIG. On March 19, 2010, 400,000 shares of AIG Series E Preferred Stock and 300,000 shares of AIG Series F Preferred Stock were outstanding, held by one shareholder of record, the United States Department of the Treasury (the Department of the Treasury).

Who is a shareholder of record?

During the ten days prior to the Annual Meeting, a list of the shareholders will be available for inspection at the offices of AIG at 70 Pine Street, New York, New York 10270.

If you hold AIG Common Stock, AIG Series C Preferred Stock, AIG Series E Preferred Stock or AIG Series F Preferred Stock that is registered in your name on the records of AIG maintained by AIG's transfer agent, Wells Fargo Shareowner Services, you are a shareholder of record.

If you hold AIG Common Stock indirectly through a broker, bank or similar institution, you are not a shareholder of record, but instead hold in street name.

If you are a shareholder of record, these proxy materials are being sent to you directly. If you hold shares in street name, these materials are being sent to you by the bank, broker or similar institution through which you hold your shares.

What proposals will be voted on at the Annual Meeting?

Five proposals from AIG will be considered and voted on at the Annual Meeting:

1. To elect the eleven nominees specified under Election of Directors as directors of AIG to hold office until the next annual election and until their successors are duly elected and qualified;

2. To elect the two nominees specified under Election of Series E and Series F Directors as directors of AIG;
3. To vote upon a non-binding shareholder resolution on executive compensation;
4. To act upon a proposal to approve the American International Group, Inc. 2010 Stock Incentive Plan; and
5. To act upon a proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2010.

In addition, three proposals from shareholders will be considered and voted on at the Annual Meeting:

6. To act upon a shareholder proposal relating to cumulative voting;
7. To act upon a shareholder proposal relating to executive compensation retention upon termination of employment; and
8. To act upon a shareholder proposal relating to a shareholder advisory resolution to ratify AIG's political spending program.

You may also vote on any other business that properly comes before the Annual Meeting.

How does the Board of Directors recommend I vote?

AIG's Board of Directors unanimously recommends that you vote:

1. **FOR** each of the nominees specified under Election of Directors to the Board of Directors.
2. The Board of Directors makes no recommendations as to nominees specified under Election of Series E and Series F Directors.
3. **FOR** the non-binding shareholder resolution on executive compensation.
4. **FOR** the American International Group, Inc. 2010 Stock Incentive Plan.
5. **FOR** the proposal to ratify the selection of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2010.
6. **AGAINST** the shareholder proposal relating to cumulative voting.
7. **AGAINST** the shareholder proposal relating to executive compensation retention upon termination of employment.
8. **AGAINST** the shareholder proposal relating to a shareholder advisory resolution to ratify AIG's political spending program.

Do I need to vote on the two nominees specified under Election of Series E and Series F Directors as directors of AIG?

If you are a holder of AIG Common Stock or AIG Series C Preferred Stock, you do not vote on the two nominees specified under Election of Series E and Series F Directors as directors of AIG. Only holders of AIG Series E Preferred Stock and AIG Series F Preferred Stock are permitted to vote on these two directors. As of the record date, the Department of the Treasury is the sole holder of record of all the outstanding shares of the AIG Series E Preferred Stock and AIG Series F Preferred Stock. Therefore, only the Department of the Treasury may vote on these nominees.

What do I need to attend the Annual Meeting?

If you plan on attending the Annual Meeting, please remember to bring photo identification with you, such as a driver's license. In addition, if you hold shares in street name and would like to attend the Annual Meeting, you should bring an account statement or other acceptable evidence of ownership of AIG Common Stock as of the close of business on March 19, 2010, the record date for voting. In order to vote at the Annual Meeting, you will also need a valid legal proxy, which you can obtain by contacting your account representative at the broker, bank or similar institution through which you hold your shares. See *How do I vote?* for four ways to cast your vote.

How do I vote?

You may cast your vote in one of four ways:

By Submitting a Proxy by Internet. Go to the following website: www.eproxy.com/aig. You may submit a proxy by Internet 24 hours a day. Enter the information requested on your computer screen and follow the simple instructions. If you choose to submit a proxy by Internet, then you do not need to return the proxy card. To be valid, your proxy by Internet must be received by 11:59 a.m., Eastern Daylight Saving Time, on May 11, 2010. Please have your proxy card and the last four digits of your Social Security number or tax identification number available.

By Submitting a Proxy by Telephone. To submit a proxy using the telephone (within the United States and Canada), call toll free 1-800-560-1965 in the United States or Canada any time on a touch tone telephone. You may submit a proxy by telephone 24 hours a day, 7 days a week. There is NO CHARGE to you for the call in the United States or Canada. International calling charges apply outside the United States and Canada. Follow the simple instructions provided by the recorded message. If you choose to submit a proxy by telephone, then you do not need to return the proxy card. To be valid, your proxy by telephone must be received by 11:59 a.m., Eastern Daylight Saving Time, on May 11, 2010.

By Submitting a Proxy by Mail. Mark the enclosed proxy card, sign and date it, and return it in the prepaid envelope that has been provided. To be valid, your proxy by mail must be received by 9:00 a.m., Eastern Daylight Saving Time, on May 12, 2010.

At the Annual Meeting. You can vote your shares in person at the Annual Meeting (see *What do I need to attend the Annual Meeting?*). If you are a shareholder of record, in order to vote at the Annual Meeting, you must present an acceptable form of photo identification, such as a driver's license. If you hold your shares in street name, you must obtain a legal proxy, as described above under *What do I need to attend the Annual Meeting?*, and bring that proxy to the Annual Meeting.

How can I revoke my proxy or substitute a new proxy or change my vote?

You can revoke your proxy or substitute a new proxy by:

For a Proxy Submitted by Internet or Telephone

Subsequently submitting in a timely manner a new proxy through the Internet or by telephone; or

Executing and mailing a later-dated proxy card that is received by AIG prior to 9:00 a.m., Eastern Daylight Saving Time, on May 12, 2010; or

Voting in person at the Annual Meeting.

For a Proxy Submitted by Mail

Subsequently executing and mailing another proxy card bearing a later date; or

Giving written notice of revocation to AIG's Secretary at 70 Pine Street, New York, New York 10270 that is received by AIG prior to 9:00 a.m., Eastern Daylight Saving Time, on May 12, 2010; or

Voting in person at the Annual Meeting.

If I submit a proxy by Internet, telephone or mail, how will my shares be voted?

If you properly submit your proxy by one of these methods, and you do not subsequently revoke your proxy, your shares will be voted in accordance with your instructions.

If you sign, date and return your proxy card but do not give voting instructions, your shares will be voted as follows: FOR the election of AIG's director nominees specified under Election of Directors; FOR the non-binding shareholder resolution on executive compensation; FOR the American International Group, Inc. 2010 Stock Incentive Plan; FOR the ratification of the appointment of PricewaterhouseCoopers LLP as AIG's independent registered public accounting firm for 2010; AGAINST each of the shareholder proposals; and otherwise in accordance with the judgment of the persons voting the proxy on any other matter properly brought before the Annual Meeting.

If I hold my shares in street name and do not provide voting instructions, can my broker still vote my shares?

Under the rules of the New York Stock Exchange (NYSE), brokers that have not received voting instructions from their customers ten days prior to the Annual Meeting date may vote their customers' shares in the brokers' discretion on the proposals regarding the non-binding shareholder resolution to approve executive compensation and the ratification of the appointment of independent auditors because these are considered discretionary under NYSE rules. If your broker is an affiliate of AIG, NYSE policy specifies that, in the absence of your specific voting instructions, your shares may only be voted in the same proportion as all other shares are voted with respect to each proposal.

Under NYSE rules, each other proposal is a non-discretionary item, which means that member brokers who have not received instructions from the beneficial owners of AIG Common Stock do not have discretion to vote the shares of AIG Common Stock held by those beneficial owners on any of those proposals. NYSE rules were amended this year so that the election of directors is now a non-discretionary matter. Shareholder proposals continue to be non-discretionary matters under the NYSE rules.

How are votes counted?

Proposal 1 Election of Directors. AIG's By-laws provide that in uncontested elections, directors (other than the Preferred Directors, as defined below) must receive a majority of the votes cast by the shareholders of AIG Common Stock and AIG Series C Preferred Stock, voting together as a single class. In other words, directors in an uncontested election must receive more votes for their election than against their election. Pursuant to AIG's By-laws and Corporate Governance Guidelines, each nominee who is currently a director has submitted to the Board an irrevocable resignation from the Board that would become effective upon (1) the failure of such nominee to receive the required vote at the Annual Meeting and (2) Board acceptance of such resignation. In the event that a nominee who is currently a director fails to receive the required vote at the Annual Meeting, AIG's Nominating and Corporate Governance Committee will then make a recommendation to the Board on the action to be taken with respect to the resignation. The Board will accept such resignation unless the Committee recommends and the Board determines that the best

interests of AIG and its shareholders would not be served by doing so.

Proposal 2 Election of Series E and Series F Directors. The directors nominated by the holders of the AIG Series E Preferred Stock and AIG Series F Preferred Stock (the Preferred Directors and

each a Preferred Director) must receive a majority of the votes cast by the holders of the AIG Series E Preferred Stock and AIG Series F Preferred Stock, voting together as a single class.

Proposal 3 Non-binding Shareholder Vote to Approve Executive Compensation. Adoption of the resolution of the non-binding shareholder vote to approve executive compensation requires a for vote of a majority of the voting power represented by the votes cast by the shareholders of AIG Common Stock and AIG Series C Preferred Stock, voting together as a single class, which votes cast are either for or against the resolution.

Proposal 4 Approval of the American International Group, Inc. 2010 Stock Incentive Plan. Approval of the American International Group, Inc. 2010 Stock Incentive Plan requires a for vote of a majority of the voting power represented by the votes cast by the shareholders of AIG Common Stock and AIG Series C Preferred Stock, voting together as a single class, which votes cast are either for or against the Plan.

Proposal 5 Ratification of the Selection of PricewaterhouseCoopers LLP as AIG's Independent Registered Public Accounting Firm. Ratification of the selection of accountants requires a for vote of a majority of the voting power represented by the votes cast by the shareholders of AIG Common Stock and AIG Series C Preferred Stock, voting together as a single class, which votes are cast for or against the ratification. Neither AIG's Restated Certificate of Incorporation nor AIG's By-laws require that the shareholders ratify the selection of PricewaterhouseCoopers LLP as its independent registered public accounting firm. AIG's Board is requesting shareholder ratification as a matter of good corporate practice. If the shareholders do not ratify the selection, the Audit Committee will reconsider whether or not to retain PricewaterhouseCoopers LLP, but may still retain PricewaterhouseCoopers LLP. Even if the selection is ratified, the Audit Committee in its discretion may change the appointment at any time during the year if it determines that such change would be in the best interests of AIG and its shareholders.

Shareholder Proposals 6-8. Approval of each shareholder proposal requires a for vote by a majority of the voting power of the outstanding shares of AIG Common Stock and AIG Series C Preferred Stock, voting together as a single class.

Broker Non-Votes and Abstentions. Because directors (other than the Preferred Directors) are elected by a majority of the votes cast, an abstention will have no effect on the election, although a director who receives more votes against than for his or her election will be required to resign, subject to the process described above under Proposal 1 Election of Directors. In the case of the adoption of the non-binding shareholder resolution to approve executive compensation, the approval of the American International Group, Inc. 2010 Stock Incentive Plan and the ratification of the appointment of PricewaterhouseCoopers LLP, only votes cast for or against the ratification will be considered; abstentions, broker non-votes and withheld votes will not be treated as a vote for or against these proposals and therefore will have no effect on the vote. With respect to each other proposal, an abstention, broker non-vote or withheld vote will have the effect of a vote against such proposals.

How many votes are required to transact business at the Annual Meeting?

A quorum is required to transact business at the Annual Meeting. The holders of a majority of the combined voting power of AIG Common Stock and AIG Series C Preferred Stock, treated as a single class, will constitute a quorum.

Proxies marked as abstaining, and any proxies returned by brokers as non-votes on behalf of shares held in street name because beneficial owners' discretion has been withheld as to one or more matters on the agenda for the Annual Meeting, will be treated as present for purposes of determining a quorum for the Annual Meeting.

How do I obtain more information about AIG?

A copy of AIG's 2009 Annual Report to Shareholders, which includes AIG's Annual Report on Form 10-K for the year ended December 31, 2009 (AIG's 2009 Annual Report on Form 10-K) filed with the

U.S. Securities and Exchange Commission (SEC), has been previously delivered to shareholders. **You also may obtain, free of charge, a copy of the 2009 Annual Report to Shareholders and AIG's 2009 Annual Report on Form 10-K by writing to American International Group, Inc., 70 Pine Street, New York, New York 10270, Attention: Investor Relations.** These documents also are available in the Investor Information section of AIG's corporate website at www.aigcorporate.com.

Who pays for the expenses of this proxy solicitation?

AIG will bear the cost of this solicitation of proxies. Proxies may be solicited by mail, email, personal interview, telephone and facsimile transmission by directors, their associates, and approximately eight officers and regular employees of AIG and its subsidiaries. In addition to the foregoing, AIG has retained D.F. King & Co., Inc. to assist in the solicitation of proxies for a fee of approximately \$18,500 plus reasonable out-of-pocket expenses and disbursements of that firm. AIG will reimburse brokers and others holding AIG Common Stock in their names, or in the names of nominees, for forwarding proxy materials to their principals.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Proxy Statement and other publicly available documents may include, and AIG's officers and representatives may from time to time make, projections and statements which may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These projections and statements are not historical facts but instead represent only AIG's belief regarding future events, many of which, by their nature, are inherently uncertain and outside AIG's control. These projections and statements may address, among other things:

- the outcome of the completed transactions with the Federal Reserve Bank of New York (FRBNY) and the Department of the Treasury;
- the number, size, terms, cost, proceeds and timing of dispositions and their potential effect on AIG's businesses, financial condition, results of operations, cash flows and liquidity (and AIG at any time and from time to time may change its plans with respect to the sale of one or more businesses);
- AIG's long-term business mix which will depend on the outcome of AIG's asset disposition program;
- AIG's exposures to subprime mortgages, monoline insurers and the residential and commercial real estate markets;
- the separation of AIG's businesses from AIG parent company;
- AIG's ability to retain and motivate its employees; and
- AIG's strategy for customer retention, growth, product development, market position, financial results and reserves.

It is possible that AIG's actual results and financial condition will differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in the specific projections and statements include:

- a failure to close transactions contemplated in AIG's restructuring plan;
- developments in global credit markets; and
- such other factors as discussed throughout the Management's Discussion and Analysis of Financial Condition and Results of Operations and in Item 1A. Risk Factors of AIG's 2009 Annual Report on Form 10-K.

AIG is not under any obligation (and expressly disclaims any obligation) to update or alter any projection or other statement, whether written or oral, that may be made from time to time, whether as a result of new information, future events or otherwise.

**RELATIONSHIPS WITH THE FEDERAL RESERVE BANK OF NEW YORK, THE AIG CREDIT
FACILITY
TRUST AND THE UNITED STATES DEPARTMENT OF THE TREASURY**

AIG has entered into several important transactions and relationships with the FRBNY, the Trust and the Department of the Treasury, which are summarized below and discussed in more detail in AIG's 2009 Annual Report on Form 10-K. As a result of these arrangements, AIG is controlled by the Trust.

Credit Facility with the FRBNY

AIG and the FRBNY entered into a revolving credit facility (as amended, the FRBNY Credit Agreement) and a Guarantee and Pledge Agreement on September 22, 2008.

AIG Series C Preferred Stock

As of March 19, 2010, the Trust, established for the sole benefit of the United States Treasury in connection with the FRBNY Credit Agreement and issuance of AIG Series C Preferred Stock, holds all of the outstanding 100,000 shares of AIG Series C Preferred Stock, which are, to the extent permitted by law, entitled to vote on all matters with the AIG Common Stock. As of the record date, the holders of the AIG Series C Preferred Stock are entitled to (i) approximately 79.77 percent of the voting power of AIG's shareholders entitled to vote on any particular matter and (ii) approximately 79.77 percent of the aggregate dividend rights of the outstanding AIG Common Stock and the AIG Series C Preferred Stock, in each case, on an as converted basis. As of the record date, the AIG Series C Preferred Stock was entitled to 534,803,028 votes, less

One vote for each share of AIG Common Stock subject to the Warrants (as defined below);

One vote for each share of AIG Common Stock underlying any other instrument convertible into, exchangeable for or representing the right to receive AIG Common Stock owned by the Department of the Treasury; and

One vote for each share of AIG Common Stock otherwise directly owned by the Department of the Treasury.

This calculation is made as if the AIG Series C Preferred Stock had been converted into AIG Common Stock. Thus, as of the record date, the total AIG Series C Preferred Stock voting power of 534,803,028 shares was reduced by the 2,690,088 shares of AIG Common Stock subject to the Warrants. (AIG understands that, as of the record date, the Department of the Treasury did not otherwise own any shares of AIG Common Stock or any other instrument convertible into, exchangeable for or representing the right to receive shares of AIG Common Stock.)

AIG Series E Preferred Stock, AIG Series F Preferred Stock and Warrants

The Department of the Treasury holds all the outstanding 400,000 shares of AIG Series E Preferred Stock, 300,000 shares of AIG Series F Preferred Stock, and two 10-year warrants (the Warrants) to purchase 2,690,088 shares of AIG Common Stock (the TARP Investment), as part of the Troubled Asset Relief Program (TARP) and the Program for Systemically Significant Failing Institutions.

The terms of the TARP Investment, among other things:

Contain limitations on the payment of dividends on AIG Common Stock and on AIG's ability to repurchase AIG Common Stock; and

Permit the Department of the Treasury to elect the greater of two additional directors or up to 20 percent of the total number of AIG directors (rounded up, after giving effect to the election) upon a failure of AIG to make four quarterly dividend payments, whether or not consecutive. This right is currently in effect and has been exercised by the Department of the Treasury. Please see Election of Series E and Series F Directors for more information.

On April 17, 2009, AIG exchanged all of the outstanding shares of AIG's Series D Fixed Rate Cumulative Perpetual Preferred Stock (AIG Series D Preferred Stock) for 400,000 shares of AIG Series E Preferred Stock, with a liquidation preference of \$104,011.44 per share.

Resolution of Securities Lending Program

AIG and various U.S. life insurance company subsidiaries of AIG and AIG Securities Lending Corp. (the AIG Agent) entered into an Asset Purchase Agreement, dated as of December 12, 2008 (the Purchase Agreement), with Maiden Lane II LLC (ML II), whose sole member is the FRBNY. Pursuant to the Purchase Agreement, the life insurance subsidiaries sold to ML II all of their undivided interests in a pool of \$39.3 billion face amount of residential mortgage-backed securities held by the AIG Agent as agent of the life insurance subsidiaries in connection with AIG's U.S. securities lending program.

Termination of Certain CDS

On November 25, 2008, AIG entered into a Master Investment and Credit Agreement with the FRBNY, Maiden Lane III LLC (ML III), and The Bank of New York Mellon, which established arrangements, through ML III, to fund the purchase of the multi-sector super senior collateralized debt obligations underlying or related to certain credit default swaps and other similar derivative instruments (CDS) written by AIG Financial Products Corp. in connection with the termination of such CDS transactions.

Equity Capital Commitment Facility

On April 17, 2009, the Department of the Treasury and AIG entered into a 5-year equity capital commitment facility of \$29.835 billion. AIG has issued 300,000 shares of AIG Series F Preferred Stock to the Department of the Treasury, each share with a zero initial liquidation preference. The liquidation preference of the AIG Series F Preferred Stock will automatically increase, on a pro rata basis, by the amount of any drawdown on the commitment. Through February 28, 2010, AIG had drawn down approximately \$7.54 billion on the Department of the Treasury Commitment. As a result, the liquidation preference of the AIG Series F Preferred Stock increased to \$25,143.56 per share. The Department of the Treasury also received one of the two Warrants described above, exercisable for 150 shares of AIG Common Stock, and, as described under AIG Series C Preferred Stock above, the voting power of the AIG Series C Preferred Stock was reduced by the number of shares of AIG Common Stock underlying such Warrant.

Repayment of Borrowings under FRBNY Credit Agreement with Subsidiary Preferred Equity

On December 1, 2009, AIG closed previously announced transactions with the FRBNY in which AIG contributed the equity of two of its leading international life insurance franchises (American International Assurance Company, Limited (AIA) and American Life Insurance Company (ALICO)) to separate newly formed special purpose vehicles (SPVs). The FRBNY received preferred equity interests in the SPVs with a liquidation preference in the AIA SPV of \$16 billion and the ALICO SPV of \$9 billion. AIG holds all of the common equity of the SPVs. In exchange for the FRBNY's acquisition of the preferred equity interests in the SPVs, AIG's outstanding principal balance under the FRBNY Credit Agreement was reduced by \$25 billion. In addition, the total amount available under the facility provided by the FRBNY pursuant to the FRBNY Credit Agreement was reduced from \$60 billion to \$35 billion.

Effect of Transactions with the FRBNY, the Trust and the Department of the Treasury

As a result of the arrangements described above, AIG is controlled by the Trust, which is established for the sole benefit of the United States Treasury. The interests of the Trust and the United States Treasury may not be the same as the interests of AIG's other shareholders. As a result of its ownership, the Trust is able, subject to the terms of the AIG Credit Facility Trust Agreement, dated as of January 16, 2009 (as it may be amended from time to time, the Trust Agreement), and the AIG Series C

Preferred Stock, to elect all of AIG's directors (other than the Preferred Directors) and can, to the extent permitted by law, control the vote on substantially all matters, including:

Approval of mergers or other business combinations;

A sale of all or substantially all of AIG's assets;

Issuance of any additional shares of AIG Common Stock or other equity securities; and

Other matters that might be favorable to the United States Treasury.

Moreover, the Trust may, subject to the terms of the Trust Agreement and applicable securities laws, transfer all, or a portion of, AIG Series C Preferred Stock to another person or entity and, in the event of such a transfer, that person or entity could become AIG's controlling shareholder.

ELECTION OF DIRECTORS

Eleven directors are to be elected at the Annual Meeting to hold office until the next annual election and until their successors are duly elected and qualified. It is the intention of the persons named in the accompanying form of proxy to vote for the election of the nominees listed below. All of the nominees are currently members of AIG's Board of Directors. It is not expected that any of the nominees will become unavailable for election as a director, but if any should prior to the Annual Meeting, proxies will be voted for such persons as the persons named in the accompanying form of proxy may determine in their discretion. Directors (other than the Preferred Directors) will be elected by a majority of the votes cast by the shareholders of the AIG Common Stock and AIG Series C Preferred Stock, voting together as a single class, which votes are cast for or against election. Pursuant to AIG's By-laws and Corporate Governance Guidelines, each nominee who is currently a director of AIG has submitted to the Board an irrevocable resignation from the Board that would become effective upon (1) the failure of such nominee to receive the required vote at the shareholder meeting and (2) Board acceptance of such resignation. In the event that a nominee who is currently a director of AIG fails to receive the required vote, AIG's Nominating and Corporate Governance Committee will then make a recommendation to the Board on the action to be taken with respect to the resignation. The Board will accept such resignation unless the Board determines (after consideration of the Nominating and Corporate Governance Committee's recommendation) that the best interests of AIG and its shareholders would not be served by doing so. Dennis D. Dammerman resigned from the Board of Directors as of February 28, 2010.

The principal occupation or affiliation of the nominees for director and any directorships held by such nominee during the past five years are set forth below.

ROBERT H. BENMOSCHE **President and Chief Executive Officer, AIG**

Director since August 10, 2009 Age 65

Mr. Benmosche has been AIG's President and Chief Executive Officer since August 2009. Previously, he served as Chairman and Chief Executive Officer of MetLife, Inc. from September 1998 to March 2006. He served as President of MetLife, Inc. from September 1999 to June 2004, President and Chief Operating Officer from November 1997 to June 1998, and Executive Vice President from September 1995 to October 1997. He served as an Executive Vice President of PaineWebber Group Incorporated from 1989 to 1995. In the past five years, Mr. Benmosche has served as a director of MetLife, Inc. and Credit Suisse Group AG. In light of Mr. Benmosche's experience managing large, complex, international institutions and his professional experience across industries including insurance, financial services, and operations and technology, AIG's Board has concluded that Mr. Benmosche should be elected to the Board.

HARVEY GOLUB

Director since 2009

Former Chairman and Chief Executive Officer of American Express Company

Age 70

Mr. Golub is the former Chairman and Chief Executive Officer of American Express Company, serving from 1993 to 2001. He joined American Express Company in 1984 as the President and Chief Executive Officer of IDS Financial Services, now known as Ameriprise Financial. Prior to joining IDS Financial Services, Mr. Golub was a Senior Partner with McKinsey and Co., a global management consulting firm. Mr. Golub is Non-Executive Chairman of Ripplewood Holdings, L.L.C., a private equity firm. Mr. Golub is currently a director of Campbell Soup Company, where he served as Non-Executive Chairman from 2004 to 2009 and currently serves as a member of the Compensation and Organization Committee, and RHJ International (Belgium). In the past five years, Mr. Golub also served as Non-Executive Chairman and a director of The Reader's Digest Association, Inc. and Dow Jones & Company. He is a member of the Advisory Board of Miller Buckfire & Co., LLC and Marblegate Asset Management, LLC. In light of Mr. Golub's experience in managing large, complex, international institutions and in finance, as well as his professional experience in the financial services industry, AIG's Board has concluded that Mr. Golub should be re-elected to the Board.

LAURETTE T. KOELLNER

Director since 2009

Former Senior Vice President of The Boeing Company; Former President, Boeing International

Age 55

Ms. Koellner is the former President of Boeing International, a division of The Boeing Company, serving from 2006 to 2008. Prior to that, Ms. Koellner served as President of Connexion by Boeing from 2004 to 2006. She also served as Executive Vice President, Chief Administration and Human Resources Officer of Boeing from 2002 to 2004 and was a member of the Office of the Chairman from 2002 to 2003. She served as Senior Vice President and President of Shared Services Group of Boeing from 2001 to 2002. She served as Vice President and Corporate Controller of Boeing from 1999 to 2000. Ms. Koellner spent 19 years at McDonnell Douglas Corp. where she served as Division Director of Human Resources as well as Vice President of Internal Audit. Ms. Koellner is currently a director of Celestica Inc., where she is a member of the Audit, Nominating and Corporate Governance and Compensation Committees, and Sara Lee Corporation, where she is Chairman of the Audit Committee and a member of the Executive and Corporate Governance, Nominating and Policy Committees. In light of Ms. Koellner's experience in managing large, complex, international institutions, and in finance, accounting and risk management, as well as her professional experience in the aircraft and the operations and technology industries, AIG's Board has concluded that Ms. Koellner should be re-elected to the Board.

CHRISTOPHER S. LYNCH

Former Partner, KPMG LLP

Director since 2009

Age 52